Company Registration No. 00387583

WILLERBY LIMITED

(Previously known as Willerby Holiday Homes Ltd.)

Annual Report and Financial Statements

For the 52 week period ended 1 October 2016

WILLERBY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the 52 week period ended 1 October 2016

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For the 52 week period ended 1 October 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B M Murphy
J E P Cooper
S Allan
A Bateman
K C Beal
A D Bettac
K M Bolton
B M Hague
K A Holland
P S Nicholson
I P Shufflebotham
P Munk

COMPANY SECRETARY

S Allan

REGISTERED OFFICE

Imperial House
1251 Hedon Road
Hull
North Humberside
HU9 5NA

BANKERS

Lloyds Bank plc
9 Marina Court
Kingston upon Hull
HU1 1TJ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne

STRATEGIC REPORT

The Directors present their strategic report for Willerby Limited for the 52 weeks ended 1 October 2016. During the period the Company changed its name to Willerby Limited from Willerby Holiday Homes Ltd.

PRINCIPAL ACTIVITIES,

The company's principal activities are the manufacture and sale of holiday homes and leisure buildings in the UK, Ireland and the European Community.

REVIEW OF THE BUSINESS

The period saw good progress following the introduction of new products and sales grew by 18.2% in a competitive environment.

All comparisons for 2015 are over a 53 week period. Turnover for the period was £147.1m (2015: £124.5m) and operating profit pre exceptional costs was £7.3m (2015: £4.0m). Operating profit post exceptional costs was £7.2m (2015: £3.4m). Profit before tax was £5.9m (2015: £2.5m). Profit has increased due to production efficiencies, an expansion of the lodges and other modular leisure buildings market and an upturn in the core markets of holiday homes market.

During the period the company incurred exceptional costs of £0.3m (2015: £0.6m) due to restructuring of the management team and refinancing costs. The Directors now believe the business has the appropriate structure to compete successfully. In 2015 the exceptional costs were made up of management restructuring and factory fire costs.

The company regards research & development (R&D) investment as key to the continuing success in the medium to long term future. As a result the company continues to invest in R&D and in the period spent £2.2m (2015: £1.7m) in research to target the introduction of new products. As a result the company introduced a greater number of new products during the year.

A dividend of 9.8p (2015: 15.6p) per share has been paid during the period.

The cash balance at the year end was £72.0m (2015: £67.1m), increasing slightly from the previous year.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

BUSINESS STRATEGY

The company is part of the Willerby Group Limited ("Group").

Over the last few years the Board have developed a strategy based on the introduction of new products that satisfy customer needs in the core markets of holiday homes, lodges and other modular leisure buildings.

The strategy aims to grow market share in these areas by developing a complete sales and service solution to support customers. As a result, the company are investing in R&D and the introduction of new products. Additionally, the company is increasing its commitment to high standards of customer service and aftercare response and introducing policies to ensure appropriate availability of high quality products to satisfy customer demand.

Additionally, the company will continue to put in place funding solutions to enable customers to actively demonstrate products on their show grounds and on holiday parks.

The company will continue to invest in its production facilities to ensure that it is able to satisfy demand for a variety of complex and high quality products and to expand those facilities, where appropriate, to manufacture products for new customers.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitor risk

The company continues to operate in competitive markets. To reduce this risk the company undertakes market research to ensure that it develops appropriate products that satisfy the needs of customers. As highlighted earlier, the company continues to invest in product development to ensure that it has products at various stages of the product life cycle.

Credit risk

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debt. The risk is mitigated by appropriate credit control procedures.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial instruments

The company's financial risk management objectives and policies are operated by the Board. The principal financial risks faced by the company relate to interest rates. In order to mitigate this risk interest rate management is considered on an on-going basis. The current interest rate risk is expected to be low in the short term.

FUTURE DEVELOPMENTS AND GOING CONCERN

As part of the going concern assessment the Directors have received a letter of support from Group. The Directors have considered the ability of Group to provide this on-going support. Willerby Limited, like all the Group companies, is part of a Group shared banking facility and the Group intends to continue to provide this support in it's entirety.

During the year the Group partially refinanced its Eurobond through a medium term loan with Lloyds Banking Group which is repayable in instalments and will be fully repaid by 30 April 2019.

The remainder of the Group's longer term funding is as a result of the Eurobond issue, in March 2013, where the holders of the Eurobonds are the majority owners of the equity of the Group. The Eurobonds total £12.5m (2015: £22.5m) and are repayable in full on 30 April 2020. This was extended from the previous date of February 2017.

The medium term nature of the loan and Eurobond has ensured that the group funding structure is appropriate for the short/medium term.

The Group meets its day to day working capital requirement through an evergreen working capital facility that is next due for renewal in June 2019. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance due to the uncertain economic environment, show that the Group should be able to operate within the level of its current working capital facility.

As a result, the Directors have a reasonable expectation that the Group has the ability and the adequate resources to continue to provide support for foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Board and signed on its behalf by:

S Allan

Director

15 December 2016

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the 52 weeks ended 1 October 2016. Willerby Limited's principal activities, results, dividends, R&D, principal risks and uncertainties and going concern disclosures are presented in the Strategic Report.

DIRECTORS

The directors who have served during the period and subsequently were as follows:

B M Murphy
P J White (resigned 4 December 2015)
C D Jeffrey (resigned 31 December 2015)
J E P Cooper (appointed 27 February 2016)
S Allan (appointed 13 May 2016)
A Bateman (appointed 7 September 2016)
K C Beal (appointed 7 September 2016)
A D Bettac (appointed 7 September 2016)
K M Bolton (appointed 7 September 2016)
B M Hague (appointed 7 September 2016)
K A Holland (appointed 7 September 2016)
P S Nicholson (appointed 7 September 2016)
I P Shufflebotham (appointed 7 September 2016)
P Munk (appointed 1 December 2016)

CHARITABLE DONATIONS

Donations to charitable organisations amounted to £1,000 (2015: £nil).

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this annual report.

EMPLOYEES

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the group. In addition, the Board takes account of employees' interests when making decisions, and the employees are informed of the group's performance on a regular basis. Suggestions from employees aimed at improving the group's performance are encouraged.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements issued in the following year. Objections may be served on the Company by shareholders holding in aggregate 5 per cent or more of the total allocated shares in the Company. They should be served no later than 30 September 2017.

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

S Allan

Director

15 December 2016

DIRECTORS' RESPONSIBLITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLERBY LIMITED

We have audited the financial statements of Willerby Limited for the 52 week period ended 1 October 2016 which comprise of the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 October 2016 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

K Darlison

Kate Darlison FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom
15 December 2016

PROFIT AND LOSS ACCOUNT
At 1 October 2016

	Note	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Turnover	3	147,133	124,479
Cost of sales		(127,906)	(109,235)
Gross profit		19,227	15,244
Administrative expenses (2016: including exceptional costs of £179,000, 2015: £617,000)	8	(12,065)	(11,859)
Operating profit	5	7,162	3,385
Finance charges (net) (2016: including exceptional costs of £115,000, 2015: £Nil)	4	(1,246)	(855)
Profit on ordinary activities before taxaction		5,916	2,530
Tax on profit on ordinary activities	9	(1,168)	(139)
Profit for the financial period		4,748	2,391

All amounts relate to continuing activities.

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 1 October 2016

	Note	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 September 2015 £'000
Profit for the financial period		4,748	2,391
Remeasurement of net defined benefit liability	18	(291)	(64)
Tax relating to components of other comprehensive income		37	15
Total comprehensive income		4,494	2,342

BALANCE SHEET
At 1 October 2016

		1 October 2016		3 October 2015	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11		3,965		3,339
CURRENT ASSETS					
Stocks	12	13,056		15,742	
Debtors – due within one year	13	15,687		12,280	
Cash at bank and in hand		71,969		67,115	
		100,712		95,137	
CREDITORS: amounts falling due within one year	14	(28,494)		(26,404)	
NET CURRENT ASSETS			72,218		68,733
TOTAL ASSETS LESS CURRENT LIABILITIES			76,183		72,072
PROVISIONS FOR LIABILITIES	15		(73)		(81)
NET ASSETS EXCLUDING PENSION LIABILITY			76,110		71,991
PENSION LIABILITY	18		(691)		(566)
NET ASSETS INCLUDING PENSION LIABILITY			75,419		71,425
CAPITAL AND RESERVES					
Called-up share capital	16		5,100		5,100
Profit and loss account			70,319		66,325
SHAREHOLDER'S FUNDS			75,419		71,425

The accompanying notes form an integral part of these financial statements.

These financial statements of Willerby Limited, company number 00387583, were approved by the Board of Directors and authorised for issue on 15 December 2016.

Signed on behalf of the Board of Directors

S Allan

Director

WILLERBY LIMITED

STATEMENT OF CHANGES IN EQUITY
At 1 October 2016

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 27 September 2014	5,100	64,783	69,883
Changes on transition to FRS102 (See note 21)	-	-	-
At 28 September 2014	5,100	64,783	69,883
Profit for the financial period	-	2,391	2,391
Remeasurement of net defined benefit liability (see note 18)	-	(64)	(64)
Dividend paid on equity shares (see note 10)	-	(800)	(800)
Tax related to components of other comprehensive income	-	15	15
At 3 October 2015	5,100	66,325	71,425
Profit for the financial period	-	4,748	4,748
Remeasurement of net defined benefit liability (see note 18)	-	(291)	(291)
Dividend paid on equity shares (see note 10)	-	(500)	(500)
Tax relating to components of other comprehensive income	-	37	37
At 1 October 2016	5,100	70,319	75,419

NOTES TO THE FINANCIAL STATEMENTS
For the 52 week period ended 1 October 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Willerby Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 21.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Willerby Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

b. Accounting period

The company's accounting reference date is 30 September. Financial statements are made up to a 52 or 53 week period on a Saturday adjacent to 30 September each year. These financial statements are for a 52 week period ended 1 October 2016. The comparative figures are for a 53 week period ended 3 October 2015.

c. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The company meets its day to day working capital requirements through an evergreen working capital facility which is due for renewal in June 2019. The current economic conditions may create uncertainty particularly over (a) the level of demand for the company's products; (b) the exchange rate between sterling and Euro and thus the consequence for the cost of the Group's raw materials; and (c) the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the company to have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. ACCOUNTING POLICIES (CONTINUED)

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and equipment	10%-33% per annum
Motor vehicles	25%-33% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. ACCOUNTING POLICIES (CONTINUED)

g. Research and development

Expenditure on research and development is charged to the profit and loss as it is incurred.

h. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Per the terms and conditions of sale, the risks and rewards transfer at the later date of required by date or production date. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

i. Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

j. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

k. Leases

The company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

l. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1. ACCOUNTING POLICIES (CONTINUED)

l. Financial instruments (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

m. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition
A cut off adjustment is made by management at the period end in relation to customers who have not signed up to the standard terms and conditions and therefore sales are recognised on despatch.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification the directors are satisfied that the adjustment is reflective of the substance of the transaction and are correct to be recognised on despatch rather than at the later of required by date or production date as noted in the usual revenue recognition policy above,

Key source of estimation uncertainty
- **Cost of stock held as finished goods**

In line with FRS102 Section 13 *Inventories* the cost of stock held as finished goods is based on a standard cost card model for raw materials and a systemic allocation of fixed production overheads. The Directors have reviewed the valuation of finished goods at the year end and note not impairment noted.

3. TURNOVER

The directors' consider the company's turnover to derive from one class of business as set out in the principal activites on pages 2 and 3 of the strategic report.

An analysis of the company's turnover by geographical market is set out below:

	52 weeks ended 1 October 2016 £	53 weeks ended 3 October 2015 £
Geographical market supplied:		
United Kingdom	142,841	120,222
European Community	4,292	4,256
	147,133	124,478

4. FINANCE CHARGES (NET)

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Interest receivable and similar income		
Interest receivable	11	2
Interest payable and similar charges		
Bank interest	(1,124)	(834)
Refinancing costs	(115)	-
Net finance charge on pension scheme (note 18)	(18)	(23)
Finance charges (net)		
Interest receivable and similar income	11	2
Interest payable and similar charges	(1,124)	(834)
Refinancing costs (note 8)	(115)	-
Net finance charge on pension scheme (note 18)	(18)	(23)
	(1,246)	(847)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after (crediting)/charging:	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Profit on sale of fixed assets	(57)	(24)
Depreciation of tangible fixed assets (see note 11)	730	545
Operating lease rentals – land and buildings	2,306	2,306
Research and development	2,224	1,747
Cost of stock recognised as an expense	92,283	73,892

The analysis of the auditor's remuneration is as follows:

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	28	31
Taxation compliance services and total non-audit fees	23	6
Total fees payable to the company's auditor	51	37

No services were provided pursuant to contingent fee arrangements.

6. DIRECTORS' REMUNERATION AND TRANSACTIONS

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Directors' remuneration:		
Aggregate emoluments	279	-
Aggregate pension contributions	5	-
	284	-
Highest paid director		
Aggregate emoluments	59	-
Aggregate pension contributions	2	-
	61	-

10 directors are members of a defined contribution pension scheme (2015: Nil). In 2015, Directors salaries were borne by another Group company.

7. STAFF NUMBERS AND COSTS

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Wages and salaries	25,495	22,713
Social security costs	2,437	2,190
Other pension costs	605	516
	28,537	25,419

The average monthly number of employees (including directors) during the period was made up as follows:

	52 weeks ended 1 October 2016 No.	53 weeks ended 3 October 2015 No.
Manufacture	824	737
Sales, distribution and management	101	105
	925	842

8. EXCEPTIONAL ITEMS

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 Ocotber 2015 £'000
Restructuring costs	179	367
Refinancing costs	115	-
Other exceptional item	-	250
	294	617

8. EXCEPTIONAL ITEMS (CONTINUED)

For the period ended 1 October 2016, the exceptional items were primarily due to management restructure and to the refinancing in the period. For the period ended 3 October 2015, the exceptional items were made up of exceptional costs due to restructuring of the management team and due to a fire that occurred in the factory at Hedon Road in November 2014.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Current tax on profit:		
United Kingdom corporation tax at 20.0% (2015: 20.0%)	1,139	15
Adjustment in respect of prior periods	4	(25)
Total current tax	1,143	(10)
Deferred tax	37	150
Adjustment in respect of prior periods	1	(1)
Effect of changes in tax rates	(13)	-
Total deferred tax	25	149
Total tax on profit	1,168	139
Reconciliation of current tax charge:		
Profit on ordinary activities before tax	5,916	2,530
Tax at 20.0% (2015: 20.0%) thereon	1,183	507
Expenses not deductible for corporation tax	22	29
Income not taxable for corporation tax	(11)	-
Group relief claimed free of charge	(18)	(387)
Adjustments in respect of prior period	5	(26)
Tax rate changes	(13)	16
Current tax charge	1,168	139

10. DIVIDENDS

	52 weeks ended 1 October 2016 £'000	53 weeks ended 3 October 2015 £'000
Dividend 9.8p (2015:15.6p) per ordinary share	500	800

11. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Plant and equipment £'000	Total £'000
Cost			
At 3 October 2015	450	14,231	14,681
Additions	-	1,358	1,358
Disposals	(214)	-	(214)
At 1 October 2016	236	15,589	15,825
Depreciation			
At 3 October 2015	439	10,903	11,342
Charge for the period	9	721	730
Disposals	(212)	-	(212)
At 1 October 2016	236	11,624	11,860
Net book value			
At 3 October 2015	11	3,328	3,339
At 1 October 2016	-	3,965	3,965

12. STOCK

	1 October 2016 £'000	3 October 2015 £'000
Raw materials	3,225	3,635
Work-in-progress	1,181	1,351
Finished goods	8,650	10,756
	13,056	15,742

The replacement value of stock is not materially different from the period end value.

13. DEBTORS

Amounts falling due within one year:	1 October 2016 £'000	3 October 2015 £'000
Trade debtors	14,149	10,214
Other debtors	1,183	1,171
Prepayments	238	781
Deferred tax assets	117	114
	15,687	12,280

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 week period ended 1 October 2016

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 October 2016 £'000	3 October 2015 £'000
Trade creditors	23,322	22,339
Corporation tax	1,139	15
Other taxes and social security costs	628	589
Other creditors	835	1,038
Accruals and deferred income	2,570	2,423
	28,494	26,404

15. PROVISIONS FOR LIABILITIES

	1 October 2016 £'000	3 October 2015 £'000
Deferred tax		
Deferred tax (assets)/liabilities provided		
At beginning of period (note 13)	(32)	(167)
Adjustment in respect of prior years	1	(1)
Charged to the profit and loss account	24	135
Charged to other comprehensive income	(37)	-
At end of period	(44)	(33)

Deferred tax liabilities/(assets) comprise:	1 October 2016 £'000	3 October 2015 £'000
Accelerated capital allowances	73	81
Deferred tax arising in relation to retirement benefit obligations	(117)	(114)
	(44)	(33)

Total deferred tax liability is presented on the face of the balance sheet totalling £73,000 (2015: £81,000). A deferred tax asset has been recognised on the retirement benefit obligations totalling £117,000 (2015: £114,000) and is presented in note 13. The net amount is shown in the table above.

16. CALLED UP SHARE CAPITAL

	1 October 2016 £'000	3 October 2015 £'000
Allotted, called-up and fully paid		
5,100,000 ordinary shares of £1 each	5,100	5,100

The company has one class of ordinary shares which carry no right to fixed income.

17. FINANCIAL COMMITMENTS

Capital commitments

Total capital comittments contracted for but not provided for in relation to the 52 week period ended 1 October 2016 is £Nil (2015: £Nil).

Operating lease commitments

The total future minimum lease payments under non-cancellable leases are as follows:

	Land and buildings	
	1 October 2016	**3 October 2015**
Total commitments under operating leases which expire:	**£'000**	**£'000**
Within one year	2,306	2,306
Between one and five years	4,612	6,918
	6,918	9,224

18. EMPLOYEE BENEFITS

Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the scheme are held separately from the assets of the company in independently administered funds. The total expense charged to profit or loss in the 52 week period ended 1 October 2016 was £605,000 (2015: £516,000).

Defined benefit schemes

Two pension schemes are operated by the company. The defined benefit scheme has been closed to new entrants since 26 September 1997. There is now no active membership of the scheme and benefits were calculated against basic remuneration and not total earnings. It was established under an irrevocable Deed of Trust for the employees. The scheme is managed by Trustees accountable to the pension scheme members.

The pension costs relating to this scheme are assessed every three years in accordance with the advice of a qualified actuary using the projected unit method. The most recent valuation at 27 September 2013 indicates that, on the basis of service to date and current salaries, the schemes' assets were sufficient to meet liabilities.

The company operates a defined benefits scheme, the Willerby Holiday Homes Ltd Retirement Benefits Scheme. A full valuation was undertaken as at 27 September 2013 and has been updated to 1 October 2016 by a qualified independent Actuary.

The assets of the Scheme are held in a Pension Reserve with profits insurance contract with Scottish Provident.

	Valuation at	
	2016	**2015**
Key assumptions used:		
Discount rate	2.2%	3.7%
Future pension increases	3.0%	3.0%
Inflation	3.1%	3.1%

18. EMPLOYEE BENEFITS (CONTINUED)

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2016 years	**2015 years**
Retiring today:		
Males	22.2	22.4
Females	24.2	24.5
Retiring in 20 years:		
Males	23.9	24.1
Females	26.1	26.4

	52 weeks ended 1 October 2016 £'000	**53 weeks ended 3 October 2015 £'000**
Net interest cost	(18)	(23)
Recognised in other comprehensive income		
Total cost relating to defined benefit scheme	(291)	(64)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	At 1 October 2016 £'000	**At 3 October 2015 £'000**
Present value of defined benefit obligations	4,664	1,535
Fair value of scheme assets	(5,355)	(2,101)
Deficit in the Scheme	(691)	(566)

At the period end there were 24 insured pensioners (2015: 26).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the 52 week period ended 1 October 2016

18. EMPLOYEE BENEFITS (CONTINUED)

Movements in the present value of defined benefit obligations were as follows:

	2016 £'000	2015 £'000
At 1 January	(4,824)	(4,513)
Interest cost	(171)	(184)
Actuarial gains and losses	(739)	(140)
Benefits paid	379	13
At 31 December	(5,355)	(4,824)

Cumulative actuarial losses recognised at the end of the period are £1,865,000 (2015: £1,126,000).

Movements in the fair value of scheme assets were as follows:

	2016 £'000	2015 £'000
At 1 January	4,258	3,850
Interest income	153	161
Return on plan assets (excluding amounts included in net interest cost)	448	76
Contributions from the employer	184	184
Benefits paid	(379)	(13)
At 31 December	4,664	4,258

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2016 £'000	2015 £'000
Equity instruments	840	954
Debt instruments	740	384
Cash	49	197
Annuities	3,035	2,723
	4,664	4,258

19. ULTIMATE HOLDING COMPANY

The company's immediate parent company is Burndene Investments Limited, a company incorporated in Scotland. The company's ultimate parent company is Willerby Group Limited (formerly Scaid Investments Limited), a company incorporated in Great Britain and registered in England and Wales.

The smallest and largest Group of which the company is a member and for which Group financial statements are drawn up is headed by Willerby Group Limited.

Cavendish Square Partner LP is regarded as the ultimate controlling party by virtue of its interest in the equity share capital of Willerby Group Limited.

20. RELATED PARTY TRANSACTIONS

The company has claimed exemption from disclosing related party transactions with Group companies on the grounds that it is a wholly owned subsidiary. The ultimate holding company's financial statements are publicly available.

21. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 3 October 2015 and the date of transition to FRS 102 was therefore 28 September 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

Reconciliation of equity

		Group	
Note		**At 28 September 2014 £'000**	**At 3 October 2015 £'000**
	Equity reported under previous UKGAAP	69,883	71,425
	Adjustments to equity on transition to FRS 102		
1	*Restatement of pension interest – charge to profit and loss account*	-	(9)
2	*Restatement of pension interest – credit to other comprehensive income*	-	9
	Equity reported under FRS 102	27,171	27,424

Notes to the reconciliation of equity at 3 October 2015

(1) (2) Under previous UK GAAP the expect return on defined benefit assets was recognised in the profit and loss account. Under FRS 102, the interest income is calculated by reference to the discount rate and does not reflect the expected return on plan assets. Prior year figures have been restated. The effect of the change has been to increase the charge to the profit and loss account in the year ended 3 October 2015 by £9,000 and reduce the charge to other comprehensive income by an equivalent amount.

Reconciliation of profit or loss for 2015

Note		**Group £'000**
	Profit for the financial year under previous UK GAAP	2,401
1	*Restatement of pension interest*	(9)
	Profit for the financial year under FRS 102	2,392

Notes to the reconciliation of profit or loss for 2015

(1) See notes 1 and 2 on previous page for explanation of adjustment.

Other changes

Defined benefit obligations: Annuities held in the name of the trustees have been included in both the assets and defined obligations. The amounts are of equal value and there is no change in the net defined benefit liability. Interest cost is equal to interest income and actuarial gains/losses on the assets is equal to actuarial gains/losses on the defined benefit obligation. See note 18.

Deferred tax: Deferred tax amounts relating to defined benefit obligations were previously presented within pension liabilities. As part of the transition under FRS 102, these amounts are now presented gross with the related deferred tax asset presented within deferred tax liabilities. See note 15.